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**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1105

In the Matter of	)	
	)	
PORTLAND GENERAL ELECTRIC	)	<b>ORDER</b>
COMPANY	)	
	)	
Investigation of Equal Pay Practices	)	

DISPOSITION: STIPULATION ADOPTED

**Introduction**

The Public Utility Commission (Commission) requires energy utilities to offer residential customers the option to pay an average monthly rate based on estimated annual usage. OAR 860-021-0414 provides:

Electric and gas utilities will make equal-payment plans available to residential customers. A customer with no outstanding balance who agrees to remain on an equal-payment plan for 12 months may enter into equal-payment agreement at any time during the year. The plan will provide for an annual adjustment between the estimated charge and the actual charges. If a customer changes residences during the term of the agreement, the payments may be adjusted to reflect the anticipated change in usage. Nothing in this rule is intended to restrict a utility's right to adopt additional payment options.

Portland General Electric (PGE or Company) offers a budget pay option under Rule E of its Tariff. At the Company's option, Small Nonresidential Consumers that are not receiving Direct Access Service may also be offered these plans. The budget pay options include Average Pay Plan and Equal Pay Plan. Under Average Pay Plan, bills are calculated based on the average bill amount for the preceding twelve months. The provisions for Equal Pay Plan (EPP) in the Tariff are as follows:

The monthly payment amount is based upon 1/12 of the anticipated annual kWh usage utilizing current rates, adjusted as necessary for

Tariff changes. Annually, Consumer accounts are reviewed to determine the equal pay amount for the following 12 months. At the time of the annual review and at their request, Consumers can settle their present account balance; otherwise, any remaining balance will be included in estimating the equal payment for the following year. Adjustments in the equal pay amount may be made at times other than annually if the Consumer's kWh actual usage differs significantly from their previously calculated anticipated usage.

### **Billing System Conversion**

On August 11, 2002, PGE converted from its Legacy billing system to its new Banner billing system. To facilitate the conversion, PGE representatives decided to not transfer customers' historical billing amounts from the Legacy system to the Banner System. This decision, however, prevented PGE from reviewing historical billing information when calculating new EPP payment amounts at the time of the customer's scheduled annual EPP review. In light of this, PGE reset the EPP customers' anniversary dates to approximately one year after the conversion date (i.e., twelve months of billing data would be available in the Banner system and the new EPP payment amounts could be calculated for all EPP customers in August and September of 2003). Consequently, customers went up to 23 months without an annual adjustment.

At the time of the system conversion, certain customers owed PGE an EPP balance (debit customers) and other customers were owed by PGE an EPP balance (credit customers). The amount depended on how their EPP billing amount matched up to their actual charges. In total, on the date of the conversion, the debit customers owed PGE approximately \$635,000 and PGE owed the credit customers approximately \$419,000. With no annual adjustments or changes in EPP billing amounts, however, the amounts grew. By July 2003, the debit customers owed approximately \$2.1 million and the credit customers were due approximately \$1.6 million. The EPP balance is calculated as the cumulative difference between the customer's actual incurred charges and the customer's equal pay amount paid for the period since the customer's prior annual account review.

### **Notice of Billing Issue**

On July 28, 2003, PGE informed Staff of this situation. That evening, PGE began executing its communications plan to contact, by telephone, affected customers with balances over \$600 to offer payment terms and other options. Additionally, all EPP customers with balances over \$20 were sent a letter. At that time, the Commission Staff (Staff) began an informal investigation and consulted with the Department of Justice regarding the matter. The Commission's Consumer Services Division began receiving multiple phone calls regarding the matter.

On August 18, 2003, Staff, PGE, and representatives from the Citizens' Utility Board (CUB) met to discuss the resolution of this matter. The parties recognized that customers were affected by not receiving an annual adjustment in a timely manner. Had customers received annual adjustments, they could have modified their consumption patterns, made adjustments to their budgets, or taken other responsive action.

### **Stipulation**

After discussion, the parties entered a stipulation designed to resolve the issue. Under the terms of the stipulation, which is attached as Appendix A, PGE will limit the billing of debit customers to one year. PGE will also offer up to 60 months to repay the remaining balances and will not charge interest. For credit customers, PGE agrees to pay customers, as interest, five percent of the amount that was due to the customer on the date of conversion. As a result of these stipulated terms, PGE's shareholders will bear approximately \$635,000 in cost associated with PGE not charging customers for EPP balances accrued prior to the conversion, and an additional \$27,000 in interest costs to be provided to the credit customers.

The Parties agree that the stipulation is in the public interest and results in an overall fair, just and reasonable outcome. The parties agree that this settlement resolves this issue and that new or pending complaints regarding this specific instance should not be treated as "At Fault Complaints." Upon Commission approval, PGE will expeditiously work to implement the terms of this settlement.

### **Public Meeting**

Staff presented this matter to the Commission at the August 20, 2003 Public Meeting. Staff recommended that the Commission open an investigation under ORS 756.515 on its own motion and adopt the attached Stipulation. On behalf of the stipulating parties, Staff requested that the Commission accept the stipulation as evidence pursuant to OAR 860-014-0085 and that the Commission consider the Staff Report, attached as Appendix B, as written testimony in support of the Stipulation pursuant to OAR 860-014-0085(4).

Furthermore, the stipulating parties agreed that expedited consideration is warranted due to the necessity to correct customer billings pursuant to the stipulation and asked the Commission to waive, pursuant to OAR 860-011-0000 (6), the 20-day objection period provided for in OAR 860-014-0085(5).

### **Commission Resolution**

At the August 20, 2003 Public Meeting, the Commission adopted Staff's recommendation. The terms of the stipulation fairly balance the interests of customers and PGE, and result in a fair and just outcome. Moreover, given the time sensitivity of this matter, good cause exists to waive the 20-day objection period provided for in OAR 860-014-0085(5).

PGE shall make a compliance filing to incorporate the terms and conditions of the Stipulation in their tariff. PGE should add the following language to Rule E, Sheet E-9:

Customers enrolled in the equal pay plan that were eligible for and did not receive a timely annual adjustment due to changes made by PGE at the time of its billing system conversion on August 11, 2002, will receive an adjustment in accordance with the stipulation adopted by the Commission on August 20, 2003.

**ORDER**

IT IS ORDERED that:

1. The August 19, 2003 Stipulation, executed by Portland General Electric, the Citizen’s Utility Board, and the Commission Staff, is adopted.
2. The 20-day objection period provided for in OAR 860-014-0085(5) is waived.

Made, entered, and effective \_\_\_\_\_.

\_\_\_\_\_  
**Roy Hemmingway**  
Chairman

\_\_\_\_\_  
**Lee Beyer**  
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

THE PUBLIC UTILITY COMMISSION  
OF OREGON

UM 1105

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY'S

Investigation of Equal Pay Plan Practices (UM  
1105)

STIPULATION

**PARTIES**

1. The Parties to this Stipulation are Portland General Electric Company (PGE or “the Company”), Citizens' Utility Board (CUB), and the Staff of the Public Utility Commission of Oregon (“Staff”).

**BACKGROUND**

2. On July 28, 2003, PGE informed Staff that certain equal payment plan (EPP) customers did not receive an annual adjustment as required by Oregon Administrative Rule 860-021-0414 and PGE Tariff P.U.C. Oregon No. E-17, Original Sheet No. E-9.

3. On August 18, 2003, Staff, CUB, and PGE representatives met to discuss the resolution of this matter and agreed to submit this Stipulation to resolve such matter. The Parties submit this Stipulation to the Commission and respectfully request that the Commission approve the settlement as presented at the August 20, 2003, PUC Public Meeting.

**AGREEMENT**

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4. Definition of Affected Customer: Affected customers are those customers enrolled in PGE's EPP that were eligible for and did not receive a timely annual adjustment due to changes made by PGE at the time of its billing system conversion on August 11, 2002 (conversion date).

5. Calculation of Adjustment Amount: The Parties to this Stipulation agree that PGE will calculate an adjustment amount depending on whether the customer owed PGE an EPP balance<sup>2</sup> on the conversion date (debit customer) or PGE owed the customer an EPP balance on the conversion date (credit customers). For debit customers, the adjustment amount will be the EPP amount owed by the customer on the conversion date. For credit customers the adjustment amount will be an amount equal to five percent times the EPP amount due to the customer on the conversion date.

6. Application of Adjustments: For affected customers that are also current EPP customers, PGE will subtract the adjustment amount from the customer's current account balance. Affected customers currently on the EPP who owe PGE an EPP balance after adjustment shall have up to 5 years to repay the adjusted balance without interest. PGE agrees to use its best efforts to identify other affected customers who are current customers of PGE and who changed pay plans and adjust their accounts in the manner described above. For affected customers who are no longer being served by PGE, PGE agrees, through August 20, 2004, to receive and process inquiries regarding this matter from such customers and provide an adjustment for such customers in the spirit of the agreement.

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<sup>2</sup> The EPP balance is calculated as the cumulative difference between the customer's actual incurred charges and the customer's equal pay amount paid for the period since the customer's prior annual account review.



1 rights provided in OAR 860-014-0085 and shall be entitled to seek reconsideration or appeal of the  
2 Commission's Order.

3 13. By entering into this Stipulation, no party shall be deemed to have approved,  
4 admitted or consented to the facts, principles, methods or theories employed by any other party in  
5 arriving at the terms of this Stipulation. No party shall be deemed to have agreed that any  
6 paragraph of this Stipulation is appropriate for resolving issues in any other proceeding.

7 14. This Stipulation may be executed in counterparts and each signed counterpart shall  
8 constitute an original document.

9 This Stipulation is entered into by each party on the date entered below such party's  
10 signature.

11 DATED: August \_\_\_\_, 2003

12 PORTLAND GENERAL ELECTRIC  
13 COMPANY

STAFF OF THE OREGON  
PUBLIC UTILITY COMMISSION

14  
15 By: \_\_\_\_\_

By: \_\_\_\_\_

16 Date: \_\_\_\_\_

Date: \_\_\_\_\_

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18 CITIZENS' UTILITY BOARD

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20 By: \_\_\_\_\_

21 Date: \_\_\_\_\_

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: August 20, 2003**

**REGULAR**  **CONSENT**  **EFFECTIVE DATE** \_\_\_\_\_

**DATE:** August 19, 2003

**TO:** John Savage and Rick Willis through Lee Sparling and Vicki McLean

**FROM:** Clark Jackson and Jack Breen III

**SUBJECT:** PORTLAND GENERAL ELECTRIC: (Docket No. UM 1105) Investigation of Equal Pay Plan Practices.

**STAFF RECOMMENDATION:**

We recommend that the Commission open an investigation pursuant to ORS 756.515, adopt the attached Stipulation, and direct PGE to file a tariff change to comply with the attached Stipulation.

**DISCUSSION:**

Under Rule E of its Tariff, PGE offers budget pay options to Residential Consumers with satisfactory credit and whose account balance is current. At the Company's option, Small Nonresidential Consumers that are not receiving Direct Access Service may also be offered these plans. The budget pay options include Average Pay Plan and Equal Pay Plan. Under Average Pay Plan, bills are calculated based on the average bill amount for the preceding twelve months. The provisions for Equal Pay Plan (EPP) in the Tariff are as follows:

The monthly payment amount is based upon 1/12 of the anticipated annual kWh usage utilizing current rates, adjusted as necessary for Tariff changes. Annually, Consumer accounts are reviewed to determine the equal pay amount for the following 12 months. At the time of the annual review and at their request, Consumers can settle their present account balance; otherwise, any remaining balance will be included in estimating the equal payment for the following year. Adjustments in the equal pay amount may be made at times other than annually if the Consumer's kWh

actual usage differs significantly from their previously calculated anticipated usage.

PGE offers this service consistent with the requirements of OAR 860-021-0414, Equal-Payment Plans for Residential Electric and Gas Service, that provides:

Electric and gas utilities will make equal-payment plans available to residential customers. A customer with no outstanding balance who agrees to remain on an equal-payment plan for 12 months may enter into equal-payment agreement at any time during the year. The plan will provide for an annual adjustment between the estimated charge and the actual charges. If a customer changes residences during the term of the agreement, the payments may be adjusted to reflect the anticipated change in usage. Nothing in this rule is intended to restrict a utility's right to adopt additional payment options.

On August 11, 2002, PGE converted from its Legacy billing system to its new Banner billing system. To facilitate the conversion, PGE representatives decided to not transfer customers' historical billing amounts from the Legacy system to the Banner System. This meant, however, that the historical billing amounts were not available to calculate the new EPP payment amounts at the time of the customer's scheduled annual EPP review. In light of this, PGE reset the EPP customers' anniversary dates to approximately one year after the conversion date (i.e., twelve months of billing data would be available in the Banner system and the new EPP payment amounts could be calculated for all EPP customers in August and September of 2003). This meant that customers went up to 23 months without an annual adjustment (e.g., if a customer was originally scheduled for an annual adjustment in September 2002 for the prior twelve months – their adjustment was postponed until August 2003). At the time of the system conversion, certain customers owed PGE an EPP balance<sup>1</sup> (debit customers) and other customers were owed by PGE an EPP balance (credit customers). The amount they owed or were due depended on how their EPP billing amount matched up to their actual charges. In total, on the date of the conversion, the debit customers owed PGE approximately \$635,000 and PGE owed the credit customers approximately \$419,000.

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<sup>1</sup> The EPP balance is calculated as the cumulative difference between the customer's actual incurred charges and the customer's equal pay amount paid for the period since the customer's prior annual account review.

With no annual adjustments or changes in EPP billing amounts, the amounts grew. By July of 2003, the debit customers owed approximately \$2.1 million and the credit customers were due approximately \$1.6 million.

On July 28, 2003, PGE informed Staff of this situation. That evening PGE began executing its communications plan to contact by telephone affected customers with balances over \$600 to offer payment terms, etc. Additionally, all EPP customers with balances over \$20 were to be sent a letter.

At that time, staff began an informal investigation and consulted with the Department of Justice regarding the matter. Consumer Services began receiving multiple phone calls regarding the matter.

On August 18, 2003, Staff, CUB, and PGE representatives met to discuss the resolution of this matter and agreed to submit the attached Stipulation to resolve the matter.

The parties recognized that customers were affected by not receiving an annual adjustment in a timely manner. If customers had received their annual adjustments, they would have had a better opportunity to modify their consumption patterns, budget for the change, etc. In light of these and other issues as described in the Stipulation, PGE is willing to limit the billing of debit customers to one year. PGE's shareholders therefore will bear approximately \$635,000 in cost associated with PGE not charging customers for EPP balances accrued prior to the conversion. Also, PGE will offer up to 60 months to repay the remaining balances and will not charge interest.

PGE's practices required the credit customers to provide, in essence, an interest free loan on the credit balance that was outstanding more than one year. The EPP program, by its nature, is normally interest free within the one-year period. In light of PGE retaining the credit customer amounts from the date of the conversion to August 2003, PGE agrees to compensate credit customers five percent of the amount that was due to the customer on the date of conversion. PGE shareholders will bear approximately \$21,000 in interest costs that will be provided to the credit customers.

The Parties agree that this Stipulation is in the public interest and results in an overall fair, just and reasonable outcome. The parties agree that this settlement resolves this issue and that new or pending complaints regarding this specific instance should not be treated as At Fault Complaints.

PGE, upon Commission approval, will expeditiously work to implement the terms of this settlement.

The Parties agree that expedited consideration is warranted due to the necessity to correct customer billings pursuant to the Stipulation. The Parties request that the Commission accept the Stipulation pursuant to OAR 860-014-0085 and waive, pursuant to OAR 860-011-0000 (6), the 20-day objection period provided for in OAR 860-014-0085 (5). The Parties request that the Commission consider this Staff Report as written testimony in support of the Stipulation per OAR 860-014-0085 (4).

Staff recommends that the Commission open an investigation under ORS 756.515, *Investigations and hearings on commission's own motion; hearings for aggrieved persons* and adopt the attached Stipulation.

After the Commission issues the Order in this matter, PGE will make a compliance filing to incorporate the terms and conditions of the Stipulation in their tariff. Staff recommends that PGE add the following language to Rule E, Sheet E-9:

Customers enrolled in the equal pay plan that were eligible for and did not receive a timely annual adjustment due to changes made by PGE at the time of its billing system conversion on August 11, 2002, will receive an adjustment in accordance with Order No. 03-(number) issued by the Commission on August \_\_, 2003.

**PROPOSED COMMISSION MOTION:**

An investigation pursuant to ORS 756.515 be opened, the attached Stipulation be adopted, and PGE be directed to file a tariff change to comply with the attached Stipulation.